

FIDP

Financial Management

Procedures

March 2011

FIDP
FINANCIAL MANAGEMENT PROCEDURES
TABLE OF CONTENTS

A.	CONTRACT PREPARATION	Page 3
B.	PREPARATION OF ACH (AUTOMATED CLEARING HOUSE) CREDITS AUTHORIZED SIGNATURE CARDS	Page 3
C.	REQUESTS FOR PAYMENT	Page 3
D.	ESTABLISHING PROCEDURES FOR FINANCIAL MANAGEMENT OF CONTRACT FUNDS	Page 6
E.	GENERAL PROCUREMENT REQUIREMENTS	Page 6
F.	PROCUREMENTS THAT DO NOT REQUIRE FORMAL BIDDING ...	Page 7
G.	PROCUREMENTS THAT REQUIRE FORMAL BIDDING	Page 7
H.	BUDGET REVISIONS AND PROGRAM AMENDMENTS	Page 9
I.	FIDP PROGRAM REPORTS	Page 10
J.	EXHIBITS	

FIDP FINANCIAL MANAGEMENT PROCEDURES

Contract Preparation

The contract between your community and the State will be a very important document throughout the life of the project. It identifies the description of the activities funded, budgeted costs (total and FIDP), general terms and conditions and any special conditions which must be met before the State will release funds. No costs should be incurred prior to the date of the release of funds, unless special written permission is obtained from the State to do so.

Preparation of ACH (Automated Clearing House) Credits and Authorized Signature Cards

Before requests for payment may be made on the FIDP contract, you must complete two forms: ACH (Automated Clearing House) Credits (Exhibit 1) and Authorized Signature Card (Exhibit 2). Detailed line by line instructions are on the back of Exhibit 2. These forms must be completed carefully with no erasures or corrections. Two copies with original signatures on each must be submitted to the State.

ACH (Automated Clearing House) Credits tells the State where you want your FIDP checks deposited. While cities have the option of establishing a separate bank account for FIDP funds, counties must deposit funds in the Trustee's account.

The Authorized Signature Card tells the State who is going to be permitted to sign your community's Request for Payment. Your request for payment must be signed by two individuals.

If you need to change these forms – you decide to use a different financial institution or staff members change – you can change the information by simply providing the State with two copies of revised forms with original signatures. Copies of these forms are available from the FastTrack-Business Development Division.

Requests for Payment

You may not draw down on your FIDP account until you have received written State authorization. You request funds using the Request for Payment of FIDP Funds (Exhibit 3). The form must be completely and accurately filled in or it cannot be processed. If you have questions, please contact a staff person in the financial section of the FastTrack-Business Development Division.

If the request is in order and can be approved, you should allow twenty working days after the Grants and Loans Division-Program Management receives the Request for Payment for a transfer of funds to be processed by the Department of Finance and Administration. If the request is not in order, you will be contacted with an explanation of the deficiencies which must be corrected. Drawdowns should be made only in amounts necessary to meet current disbursement needs.

The Request for Payment of FIDP Funds should be prepared in duplicate. Submit the original (to the State) and retain one copy for your records. The request should be signed by two of the persons on the Authorized Signature Card, with original signatures sent to the State. Section A provides general information needed in processing the request. Section B provides a detail of actual costs of the program by line item. Detailed support for each line item, in the form of actual invoices, must also be attached. The following are additional instructions for completing this form.

The Total Project Costs Column is used to list the total costs billed on a particular Request for Payment, including amounts paid from sources other than FIDP grants. (Do not use total budget or cumulative drawdown figures in this column.)

The FIDP Cost Column is used to list the amounts that will be paid with FastTrack Infrastructure Development Program funds; the total of this column should equal the total of your Request for Payment. To obtain the figures for this column, multiply the Total Cost Column by the percentage of the project paid by FIDP funds for each item. This percentage may be obtained from the approved line item budget in your contract.

Appropriate documentation must be submitted in order to process your request for payment. The following is a brief summary of the documentation which must be received before we can process requests:

Construction – An item description, quantity, unit price and total amount of each of the items as approved in the construction contract must be submitted. The engineer must certify that the work has been completed. Five percent (5%) retainage must be deducted from the contractor's invoice until the project has been finished. The notice of completion of the project should be publicly advertised with a request that any one having a claim against the project should notify the city or county. If no claims are made within **ten days** from the date of advertisement, the release of liens from the contractor may be accepted and submitted to the state with the contractor's final pay estimate so that final retainage may be released. A copy of the advertisement of the notice of completion should also accompany this request for payment. If any of the project has been approved to be done using force account, copies of the payrolls and materials invoices must be submitted. **No force account work will be reimbursed unless the State has given prior approval of the force account.**

Engineering Design, Other Engineering Services – A detailed invoice from the firm stating specific tasks done, detail of costs and date of services. These items should be billed on a cost plus fixed fee or lump sum basis.

Legal Services - An invoice stating specifically the service performed and the date of service.

Appraisals - An invoice from the appraiser stating the date the appraisal was done, the address and/or description of the property that was appraised.

Acquisition - A written offer to purchase accepted by the property owner.

Clearance - A description of the work performed and location of property cleared.

Administration - Detail of administrative costs must be included in Section C. (Exhibit 4) Any salaries being charged to the grant must be listed with inclusive payroll dates, name of employee, percentage of time spent on FIDP and amount of each salary charged.

In addition, any salaries or consultant billings must be further documented by task performed. Claims for time spent on administrative activities will not be paid without this documentation.

Other documentation of administrative costs must be submitted (e.g., telephone bills, supply invoices, travel claims).

All travel and per diem costs to be charged to FIDP must conform to the Comprehensive Travel Regulations of the State of Tennessee.

Establishing Procedures for Financial Management of Contract Funds

FIDP project funds should be accounted for separately within a community's accounting system; a separate fund should be established similar to a water fund.

Accounting requirements for local government are established by the Comptroller of the Treasury, State of Tennessee. If you have any questions relating to your system, FIDP requirements and State accounting requirements, telephone a staff person in the financial section of the FastTrack-Business Development Division who can refer you to the proper source of information.

PROCUREMENT REQUIREMENTS

General Procurement Requirements

Conflicts of Interest and the Code of Conduct

Many times competition can be restricted by organizational conflict of interest or non-competitive practices amount contractors. You should be alert to issues of this nature which may adversely affect your procurement practices.

T.C.A. 12-4-101 states that it shall not be lawful for any officer, committeeman, director, or other person whose duty it is to vote for, let out, overlook, or in any manner to superintend any work or any contract in which any municipal corporation, county, state, development district, utility district, and other political subdivision created by statute shall or may be interested, to be directly interested in any such contract.

They also may not be indirectly interested in any such contract unless the officer publicly acknowledges his interest.

Tennessee State Purchasing Laws

All cities, towns, and counties in the State of Tennessee are governed by some sort of procurement policy; policies vary from city to city, or county to county. If your city or county does not have charter provisions or private act requirements governing competitive bidding and purchasing, the County Purchasing Law of 1983, or the Municipal Purchasing Law of 1983 will apply.

IMPORTANT NOTE: You, the grantee, must find out what your local policy or law regarding procurement is. If local procurement standards are stricter, local procurement standards must be followed. If the provisions of the state are stricter than local standards, the appropriate purchasing laws of the State must be followed.

Procurements That Do Not Require Formal Bidding

Unless there are charter provisions or private act requirements governing procurement for your city or county, all purchases with expenditures of less than \$2,500, but more than \$1,000, may be made in the open market without public advertisement, but shall, whenever possible, be based upon at least three (3) competitive bids. Purchases of \$1,000 or less do not require any public advertisement or competitive bidding.

Professional services contracts should be awarded on the basis of recognized competence and integrity, and should not be based upon competitive bids.

If a good or service is only available from a single source, the formal bidding process is not required. **Sole source procurement requires the prior approval of ECD.**

Procurements That Require Formal Bidding

Procurement of equipment, non-professional services and construction contracts costing in the aggregate more than the strictest bidding limit, \$2,500 in most cases, must be formally advertised in a newspaper of general circulation with sealed bids and a public bid opening.

Publication Requirements for Invitations to Bid

We require that the invitation to bid must be published in a **daily** newspaper with **minimum 5-day circulation**, at least **14 days prior** to the public bid opening. A list of 5-6-7 day circulation newspapers is available upon request. The wider circulation will reach more contractors and increase your chances of receiving multiple bids. The cost of publication of the invitation to bid is a grant reimbursable expense.

SUGGESTION: An easy way to increase the circulation of your invitation to bid is to require your engineer to advertise in the Dodge Report [Knoxville, Nashville, Chattanooga, and Memphis]. Advertisement in the Dodge Report is free of charge; advertisement in the Dodge Report is **not** an acceptable substitute for advertisement in the daily newspaper, however.

Deductible and Additive Alternates

It is advised that construction project bid specifications contain deductible alternates.

A deductible alternate is a portion of the project that can be deleted to bring construction costs within the budget if all bids received exceed the funds available for construction.

If all bids received exceed the amount budgeted for construction, deductible alternates must reduce the bid price in the order in which they are listed in the bid specifications.

The use of additive alternates is allowed for FIDP projects; as with deductible alternates, additive alternates must be applied to the bid price in the order in which they are listed in the bid specifications.

Bid Opening Requirements

Sealed bids must be opened publicly at the time and place specified in the invitation to bid.

Rejection of Improper Bids

Any and all bids may be rejected when there are sound documented business reasons for rejecting bidders.

Award to Low Bidder

A firm fixed price contract must be awarded to the lowest responsive, responsible bidder whose bid conforms to all bid specifications.

Allowable Alternatives If All Bids Exceed the Amount of the Construction Budget

If all bids come in over the amount of the construction budget, you have three alternatives:

1. you can provide the additional funds needed to pay for the contract from local funds;
2. you can rebid the project;
3. or you can:
 - a. consult with your engineer and decide which items would be feasible to eliminate from the construction bid specifications;
 - b. submit a letter detailing all changes you wish to make in the bid specifications to our office for approval;

NOTE: Changes to the bid specifications must not change the project's scope.

- c. after you receive written approval of the changes you wish to make, contact all bidders who submitted bids for the initial bidding by certified mail and request that they resubmit sealed bids without the items that you wish to delete;

NOTE: Bidders must be informed that they have the right to change the unit price of any of the line items in their original bid, as long as they conform to the revised bid specifications.

- d. award the contract to the bidder submitting the lowest bid that conforms to the revised bid specifications (i.e., the original bid specifications less the items you wish to delete).

Budget Revisions and Program Amendments

If you should need to revise your line item budget, you must submit a letter detailing the reason for any changes and a copy of the revised line item budget (Exhibit 5). If contingency funds are to be used, a budget revision is required.

A budget revision should be submitted on all construction projects once a bid has been accepted to adjust the construction budget to actual dollars required. A copy of the bid tabulation should be submitted with this budget revision. If the lowest bid exceeds the amount available in the budget for construction, a revised total cost budget must be submitted with a verification of the source of the additional funds.

If there are any change orders on construction contracts, these must be approved by the State prior to work being done. A budget revision must accompany all change orders.

Any change in the scope of the project requires prior written approval by the State. Accompanying a letter explaining the reason for the scope change, there should be a budget revision and a revised description of contractor activities (Scope of Services in your contract).

Major reductions in the scope of the proposed work can result in adverse State action – grant reduction, termination or a finding of ineligibility for subsequent funding. Grantees were selected for funding based on their proposed program and are expected to carry it out as proposed. You are strongly urged to contact the FastTrack-Business Development Division if problems emerge which might lead to program modifications.

FIDP Program Reports

Yearly reports will be required regarding the status of the jobs created for 5 years and other information may be requested as needed. The Employment Summary Form will be sent to the community thirty days prior to the report due date. (Exhibit 6)

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
ACH (AUTOMATED CLEARING HOUSE) CREDITS (NOT WIRE TRANSFERS)

NAME _____

Federal Identification Number or Social Security Number _____
(Under which you are doing business with the State)

I (We) hereby authorize the State of Tennessee, hereafter called the STATE, to initiate credit entries to my (our) *(select type of account)*
_____ CHECKING or _____ SAVINGS account indicated below and the depository named below, hereinafter called DEPOSITORY, to
credit the same to such account.

This authority is to remain in full force and effect until the STATE has received written notification from me (or either of us) of its termination in
such time and in such manner as to afford the STATE and DEPOSITORY a reasonable opportunity to act on it.

Do you currently receive payments from the STATE through ACH? _____ (Yes or No). If yes, do you intend for this account information to replace
other existing account information currently used by the STATE? _____ (yes or no). If yes, please specify the account that should be changed: ABA
No. _____ Account No. _____

Is this authorization only for certain types of payments? _____ (Yes or No). If yes, please indicate types:

Many banking institutions use different numbers for ACH. Please call your bank for verification of ACH transit and account number.

Bank official contacted: _____ Phone No. _____

DEPOSITORY/BANK NAME _____ BRANCH _____

CITY _____ STATE _____

ACH TRANSIT/ABA NO. _____ ACCOUNT NO. _____

NAME(S) _____
Please print names of authorized account signatory)

DATE _____ SIGNED X _____ SIGNED X _____

PLEASE ATTACH A VOIDED CHECK (OR FOR SAVINGS ACCOUNTS, A DEPOSIT SLIP):

PLEASE INDICATE ADDRESS TO WHICH YOU WOULD LIKE YOUR REMITTANCE ADVICES ROUTED
WHEN PAYMENTS ARE PROCESSED:

Contact name: _____
Telephone no: _____

FOR STATE USE ONLY

Contact Agency: _____
Contact Person: _____
Telephone No.: _____

STATE OF TENNESSEE FIDP AUTHORIZED SIGNATURES

	Authorized Signatures for Requests for Payment on FIDP Account	
Contractor Name:	(1)	Address:
		(2)
Contract Number:	(3)	Contact Person and Phone No.
		(4)
TWO SIGNATURES ARE REQUIRED ON EACH REQUEST FOR PAYMENT SUBMITTED TO THE STATE		
Signatures of Individuals Authorized to Sign Requests for Payment		
Typed Name and Signature		Typed Name and Signature
	(5)	(5)
Typed Name and Signature		Typed Name and Signature
	(5)	(5)
I CERTIFY that the signatures above are of the individuals authorized to sign Requests for Payment.		
Date and Signature of Local Elected Official		
(6)		

STATE OF TENNESSEE
REQUEST FOR PAYMENT of FIDP FUNDS

A. General Information

1. Contractor	4. Contract Number:
	5. Amount of Request: \$
2. Bank Account Number:	6. Date of Request:
	7. Request Number:
3. Name/Address of depositary: <div style="text-align: right;">Zip:</div>	8. Contact Person: <div style="text-align: right;">Phone:</div>

B. Line Items for which Funds Are Requested

	Total Project Costs (this request)	FIDP Costs (this request)
Construction	\$	\$
Construction Inspection	\$	\$
Engineering Design	\$	\$
Other Engineering Services	\$	\$
Legal Services	\$	\$
Appraisals	\$	\$
Acquisition	\$	\$
Clearance	\$	\$
Administration	\$	\$
Other (Specify)	\$	\$
Other (Specify)	\$	\$
TOTAL	\$	\$

C. ADMINISTRATIVE COST DETAIL

D. CERTIFICATION

I hereby state that I have included and attached all required documentation to support this Request. I have satisfied all related terms and conditions of the above cited Contract. I also state that the data reported above is correct and that the amount of this Request is not in excess of current needs.

Date	Signature
Date	Signature

FOR STATE USE ONLY:

Approval of Request for Payment

Initial Review _____ Date _____

Final Review _____ Date _____

DETAIL OF ADMINISTRATIVE COSTS

FOR THE MONTH(S) OF _____ TO _____

	<u>Task</u>	<u>Number of Hours Spent</u>	<u>Amount</u>
1.	Project Files		
	A. Set Up		
	B. Monthly Maintenance/Update		
2.	Labor Compliance		
	A. Request Wage Rate		
	B. 5-10 Day Cal		
	C. Attend Bid Opening/Prepare Minutes		
	D. Notice of Contract Award/Pre-Construction Conference		
	E. Coordinate and Conduct Pre-Construction Conference		
	F. Bid Advertisement Documentation for Files		
	G. Bid Tabulation Documentation for Files		
	H. Executed Bid Document/Specs including Insurance/Bonding - Documentation for Files		
	I. Contractor/Subcontractor Eligibility Verification		
	J. Notice to Proceed		
	K. Consultation with Engineer, State, Other Funding Agency		
	L. Release of Liens/Certificate of Completion/Final Inspection		

STATE OF TENNESSEE
FASTTRACK INFRASTRUCTURE DEVELOPMENT PROGRAM
LINE ITEM BUDGET _____ YEAR

Contractor Name and Address:	Contact Person-Address & Phone No.
------------------------------	------------------------------------

ORIGINAL _____ REVISION _____ No. _____	Date of Submission:
--------------------------------------------	---------------------

LINE ITEM	TOTAL COSTS	FIDP COSTS
Construction	\$	\$
Construction Inspection		
Engineering Design		
Other Engineering Services		
Legal Services		
Appraisals		
Acquisition		
Clearance		
Administration		
Project Contingency		
Other (Specify)		
TOTAL COSTS		

ANNUAL INFRASTRUCTURE DEVELOPMENT EMPLOYMENT SUMMARY FORM

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT For Projects Funded with FastTrack Infrastructure Development Program (FIDP) Funds

The FastTrack-Business Development Division is required, and you have agreed, to keep track of the number of beneficiaries (jobs) for Infrastructure Development projects funded with FastTrack Infrastructure Development Program Funds (FIDP). The report will be due on an annual basis for five years (5) from the date your project was awarded.

Company Name: _____	Grantee: _____
Address: _____	Award Date: _____
_____	Contract Number: _____
_____	# of Jobs Projected: _____

1.	How many persons did your company employ as of the date the FIDP grant was awarded?	
2.	How many people are presently employed by your company?	
3.	Number of Jobs Created: Subtract line 1 from line 2 and enter the result on this line.	

4. Number of Minorities Employed (Required under Title VI Requirements):

_____ African Americans	_____ Asian Americans	_____ Hispanics
_____ Asian or Pacific Islanders	_____ American Indians	_____ Alaskan Natives

Please contact Jeff Bolton at (615) 253.1909 if you have any questions or concerns relating to this matter.
Return via: Mail to letter address, *if scan capable*, e-mail to oliver.dent@tn.gov, or **fax @ 615.741.0607**

The undersigned certifies that to the best of his/her knowledge the information contained in this form is true and correct.

Name (Please Print)

Date

Title

Phone Number

Signature

